

Message Text

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C O N F I D E N T I A L SECTION 01 OF 03 BONN 00775

LIMDIS

C O R R E C T E D C O P Y (TEXT - FIRST PARA)

E.O. 11652: GDS

TAGS: OVIP (MONDALE, WALTER F.), GW, FR, UK, BE, NATO

SUBJECT: CHANCELLOR SCHMIDT LOOKS TO THE VICE

PRESIDENT-ELECT'S VISIT

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BEGIN SUMMARY: THE FEDERAL REPUBLIC OF GERMANY REMAINS
A STABLE, STRONG AND CLOSE ALLY OF THE UNITED STATES
ALTHOUGH CHANCELLOR SCHMIDT AND HIS GOVERNMENT HAVE
SERIOUS DOMESTIC POLITICAL PROBLEMS. WHEN THE VICE
PRESIDENT ARRIVES, SCHMIDT WILL HAVE THE INTERNATIONAL
ECONOMIC SITUATION VERY MUCH ON HIS MIND AND HE WILL WANT
TO DISCUSS U.S. MEASURES TO LEAD THE WORLD OUT OF THE

PRESENT SLUMP. AT THE SAME TIME, THE POLITICAL PROBLEMS FACING THE GOVERNMENT AT HOME WILL REQUIRE THAT THE COALITION DEVOTE CONSIDERABLE ATTENTION TO DOMESTIC AFFAIRS. HIS GOVERNMENT GOT OFF TO A ROCKY BEGINNING. SCHMIDT'S DIFFICULT-IES COULD AFFECT WEST GERMAN FOREIGN POLICY. HOWEVER, WHILE IT IS TRUE THAT THE FRG GOVERNMENT WILL WANT TO MINIMIZE COSTS, THE GERMANS REMAIN PREPARED TO SUPPORT OUR NATIONAL INTERESTS ACROSS A WHOLE RANGE OF ISSUES. SCHMIDT AND GENSCHER WELCOME THE VICE PRESIDENT'S VISIT AND THEY HOPE THAT IT INDICATES A U.S. COMMITMENT TO A CONTINUING PROCESS OF CONSULTATION. END SUMMARY.

1. WHEN THE VICE PRESIDENT COMES TO BONN AT THE END OF JANUARY, HE WILL VISIT A COUNTRY THAT IS A STABLE, STRONG AND ENTHUSIASTIC ALLY OF THE UNITED STATES. THE CHANCELLOR WELCOMES THE TIMING OF THE VISIT FOR A NUMBER OF REASONS: (A) HE WILL WANT TO KNOW WHAT THE CARTER ADMINISTRATION WILL DO; (B) HE APPRECIATES THE EARLY OPPORTUNITY TO MAKE HIS OWN ECONOMIC AND POLITICAL VIEWS KNOWN TO THE CARTER ADMINISTRATION; (C) HE IS AN ARDENT SUPPORTER OF INTERNATIONAL COORDINATION OF ECONOMIC POLICIES ON THE PART OF THE KEY INDUSTRIAL NATIONS; (D) HE LOOKS TO THE UNITED STATES TO ASSUME THE LEADERSHIP IN MOVING THE WORLD ECONOMY OUT OF ITS SLUMP; AND (E) HE WANTS A PERSONAL WORKING RELATIONSHIP WITH LEADING FIGURES IN THE NEW U.S. ADMINISTRATION.

2. WE EXPECT SCHMIDT -- PERHAPS TO THE POINT OF
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LECTURING -- TO RESTATE HIS LONG-STANDING PREOCCUPATION WITH THE INTERNATIONAL ECONOMIC SITUATION AND TO ASK WHAT THE U.S. WILL DO TO LEAD THE FREE WORLD OUT OF ITS DOLDRUMS. HIS NATURAL TENDENCY WILL BE TO ALIGN HIMSELF WITH U.S. OBJECTIVES. SUCH A STANCE FITS GERMANY'S INTERNATIONAL NEEDS AND, MORE IMPORTANTLY, COULD ASSIST SCHMIDT'S DOMESTIC POSITION AS WELL.

3. SCHMIDT WILL ALSO WELCOME THE RESPITE FROM DEALING WITH A SERIES OF DOMESTIC POLITICAL PROBLEMS WHICH COULD THREATEN THE SURVIVAL OF THE SOCIAL/LIBERAL GOVERNMENT. THE GOVERNMENT, WHICH TOOK OFFICE IN MID-DECEMBER, GOT OFF TO A POOR START. THE CHANCELLOR IS FORCED TO OPERATE UNDER SEVERE POLITICAL CONSTRAINTS. HIS PROBLEMS ARE NOT EASED FOR BEING LARGELY SELF-INFLECTED. HIS IMAGE AS A "CAN-DO MAN" HAS BEEN SHAKEN. HIS GOVERNMENT, DESPITE ITS RECENT ELECTION VICTORY, IS REALLY JUST A CONTINUATION OF THE OLD SPD/FDP COALITION. PEOPLE AROUND HIM SAY THAT HE IS TIRED AND

FRUSTRATED, THOUGH HE CAN AND DOES PROJECT CONSIDERABLE
PERSONAL VIGOR AND WILL CERTAINLY DO SO FOR THE VICE
PRESIDENT-ELECT'S VISIT. HE HOPES THAT THIS VISIT AND
HIS ASSOCIATION WITH A NEW U.S. ADMINISTRATION WILL GIVE
HIM A LIFT.

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4. ONE PROBLEM IS THAT THE GOVERNMENT COALITION HAS
A SLIM -- TEN SEAT -- MAJORITY IN THE LOWER HOUSE AND
THE OPPOSITION CONTROLS THE UPPER HOUSE. PERHAPS EVEN
MORE IMPORTANT IS THE FACT THAT THE COALITION PARTNERS --
SCHMIDT AND GENSCHER PERSONALLY AND THEIR PARTIES --

HAVE DIFFERING AND CONFLICTING PRIORITIES. TO MAKE
THINGS EVEN MORE DIFFICULT, THE SPD PARLIAMENTARY GROUP
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CONTAINS A REPRESSED LEFT-WING MINORITY WHICH THREATENS
TO GET OUT OF CONTROL. MOREOVER, SCHMIDT HAS INEPTLY
HANDLED THE FUNDING SHORTAGES OF THE GERMAN PENSION
RESERVES, MAKING INADEQUATE PROPOSALS TO REMEDY THE
PROBLEM AND GRAVELY MIS-READING POPULAR REACTIONS. THIS
HAS GENERATED DOUBTS ABOUT HIS CREDIBILITY AND ABOUT HIS
PREVIOUSLY UNQUESTIONED ABILITY TO HANDLE ANY ISSUE.

5. THIS IS NOT TO SAY THAT THE GOVERNMENT IS ABOUT TO
FALL. THE GERMAN POLITICAL SYSTEM CONTAINS A STRONG
BIAS IN FAVOR OF THE INCUMBENT. IT IS IMPOSSIBLE FOR THE
OPPOSITION ALONE TO FORCE A GOVERNMENT OUT OF POWER
UNLESS THERE EXISTS AN ALTERNATIVE WITH MAJORITY
SUPPORT IN THE BUNDESTAG. SUCH AN ALTERNATIVE IS NOT
EASY TO CONSTRUCT. WHAT THE SITUATION DOES REQUIRE IS
THAT SCHMIDT AND GENSCHER DEVOTE CONSIDERABLE ATTENTION
TO DOMESTIC POLITICAL PROBLEMS LEST THEY GET OUT OF HAND
AND ENDANGER THE COALITION AGREEMENT. TRADITIONAL
FOREIGN POLICY INITIATIVES, ALTHOUGH EFFECTIVE IN THE
PAST FOR IMPROVING THE IMAGE OF THE GOVERNMENT, WILL
NOT ALONE SUFFICE TO SOLVE THE COALITION'S PRESENT
POLITICAL DILEMMA.

6. THE CDU/CSU OPPOSITION, AWARE OF THE VULNERABILITY
OF THE COALITION, SEEKS EVERY OPPORTUNITY TO CHALLENGE
THE GOVERNMENT, ESPECIALLY ON ISSUES THAT MAY DIVIDE THE
COALITION (E.G., INVESTMENT POLICY, UNEMPLOYMENT
REMEDIES). THE OPPOSITION STRATEGY IS TO FIND
ISSUES THAT WILL SPLIT THE COALITION AND THEN TO ATTRACT
THE FDP INTO JOINING THE CDU/CSU TO FORM A NEW GOVERNMENT.
WHAT THIS MEANS IS THAT WE SHOULD EXPECT FEW DRAMATIC
POLICY INITIATIVES FROM THE FRG. IT WILL TRY TO
IDENTIFY ITSELF WITH THE U.S., SHAPE OUR INITIATIVES TO
ACCORD WITH ITS PERCEPTIONS, SUPPORT OUR IDEAS AS FAR
AS IT THINKS IT CAN AFFORD, AND -- IF ANYTHING GOES
WRONG WITH THEM -- LET US ACCEPT THE BLAME.
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7. THE DOMESTIC POLITICAL PROBLEMS OF THE GOVERNMENT
ARE LIKELY TO HAVE IMPLICATIONS FOR GERMAN EXTERNAL
RELATIONS. THE OPPOSITION'S ARGUMENT IS NOT WITH THE

FOREIGN POLICY OBJECTIVES OF THE GOVERNMENT, BUT IS BASED
ON DIFFERENCES OVER THE EFFECTIVENESS OF THE GOVERNMENT
IN PURSUING THESE OBJECTIVES. IN FACT, THERE IS

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UNANIMITY AS TO THE BASIC PRINCIPLES OF GERMAN FOREIGN
POLICY: (1) MAINTENANCE OF EXCELLENT RELATIONS WITH
THE UNITED STATES WITHIN THE PARAMETERS OF NATO, AND
(2) PURSUIT OF EUROPEAN UNITY. IF ANYTHING, THE CDU/CSU
IS MORE TRUE BLUE THAN THE GOVERNMENT IN PURSUING THESE
GOALS.

8. SCHMIDT IS NOT PREPARED TO SPEND THE MONEY

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TO DO ALL THAT HE WOULD LIKE TO DO ON THE INTERNATIONAL SCENE, LET ALONE WHAT THE WORLD COMMUNITY EXPECTS FROM THE FEDERAL REPUBLIC. HOWEVER, AS A MATTER OF PRINCIPLE, HE WANTS TO WORK WITH US ON COMMON PROBLEMS FOR COMMON GOALS. EVEN WHEN USG-FRG COOPERATION COSTS MONEY, THE FEDERAL REPUBLIC, DESPITE ITS PREFERENCE FOR SOME ECONOMIC BELT-TIGHTENING AT HOME, IS PREPARED TO SUPPORT OUR NATIONAL INTEREST TO A GREATER EXTENT THAN PERHAPS ANY OTHER NATION IN THE WORLD. THE WEST GERMAN READINESS TO COOPERATE COULD RUN FROM A-Z -- FROM AWACS TO ZIMBABWE, THOUGH SCHMIDT WILL HAVE TO FACTOR DOMESTIC POLITICAL CONSIDERATIONS INTO HIS FOREIGN POLICY DECISIONS TO A GREATER DEGREE THAN HE HAD TO IN THE PAST.

9. WEIGHING ALL ACTIONS, INCLUDING FOREIGN POLICY DECISIONS, AGAINST THEIR POSSIBLE DOMESTIC POLITICAL CONSEQUENCES, COULD PLAY A ROLE IN SUCH SPECIFIC ISSUES OF INTEREST TO THE UNITED STATES AS NUCLEAR EXPORT POLICY. SCHMIDT WILL HAVE TO BE VERY CAREFUL NOT TO LEAVE HIMSELF OPEN TO THE CHARGE FROM THE OPPOSITION THAT HE IS NEGLECTING GERMAN INTERESTS. HOWEVER, THE BEST REPLY TO SUCH A CHARGE IS THAT HE IS WORKING WITH THE UNITED STATES.

10. THE PRESENT POLITICAL SITUATION IN THE FEDERAL REPUBLIC THUS PRESENTS A PARADOX. WEST GERMANY REMAINS ECONOMICALLY STRONG AND POLITICALLY STABLE. THE FRG'S PROBLEMS PALE ALONGSIDE THE PROBLEMS OF ITS EUROPEAN NEIGHBORS WHO LOOK TO GERMANY FOR ASSISTANCE, STABILITY AND MONEY, IF NOT LEADERSHIP. AT THE SAME TIME, HOWEVER, THE COALITION'S NARROW BASE OF SUPPORT IN THE BUNDESTAG, STRAINED RELATIONS BETWEEN THE COALITION PARTNERS, AND THE POTENTIAL FOR OPEN REVOLT WITHIN THE SPD ARE LIKELY TO CONSPIRE TO MAKE THE SCHMIDT/GENSCHER GOVERNMENT AT TIMES A NERVOUS, CONFIDENTIAL

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POLITICALLY CAUTIOUS AND DIFFICULT PARTNER.

11. GIVEN THE POLITICAL PROBLEMS OF THE GOVERNMENT, SCHMIDT WILL WANT TO AVOID ANY UNEXPECTED SHOCKS FROM ABROAD. WHILE IT MAY BE A CLICHE THAT CLOSE AND TIMELY CONSULTATIONS ARE THE KEY TO GOOD USG-FRG RELATIONS,

UNDER THE PRESENT SITUATION THE LACK OF CONSULTATION
COULD AFFECT THE ABILITY OF THE COALITION TO REMAIN IN
POWER. THUS SCHMIDT AND GENSCHER WELCOME THE VICE
PRESIDENT'S VISIT IN WHAT THEY HOPE WILL BE THE BEGIN-
NING OF A CONTINUING PROCESS. WHAT THEY WILL ASK FOR,
ABOVE EVERYTHING ELSE, IS AN ASSURANCE THAT WE ARE
FULLY COMMITTED TO SUCH A PROCESS.
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Message Attributes

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